



BELA-BELA LOCAL MUNICIPALITY

Private Bag X1609 BELA-BELA 0480

30 March 2011

The Mayor
And Councillors
Bela-Bela Municipality
Private Bag X1609
BELA-BELA
0480

Sir/Madam

REPORT: OVERSIGHT COMMITTEE REPORT

Attached hereto please find the report of the Oversight Committee.

Yours faithfully


N S BAMBO
MUNICIPAL MANAGER

FROM

(THU)SEP 29 2011 8:02/ST. 8:00/No.7623129048 P 2



BELA-BELA LOCAL MUNICIPALITY

Chris Hani Drive, Bela-Bela, Limpopo. Private Bag x1609

BELA-BELA 0480

Tel: 014 736 8000, Fax: 01 4 736 3288

Website: www.belabela.gov.za

OFFICE OF THE SPEAKER

MEMORANDUM

TO: MUNICIPAL COUNCIL

FROM: OVERSIGHT COMMITTEE

DATE: 29 MARCH 2011

SUBJECT: OVERSIGHT REPORT ON BELA-BELA MUNICIPALITY 2009/10 ANNUAL REPORT.

1. PURPOSE

To submit an oversight report on 2009/10 Bela-Bela Municipality Annual Report to municipal council for a decision as prescribed by legislation.

2. BACKGROUND AND DELIBERATIONS.

2.1. Introduction

In terms of section 121 of the Municipal Finance Management Act (MFMA), 2003 read with section 46 of the Municipal Systems Act (MSA), 2000, every municipality must prepare an annual report for each financial year in accordance with Chapter 12 of the said Act (MFMA) and section 46 of MSA. Both the MFMA and MSA prescribe the key components of the annual report and the MFMA further provides further guidance on the preparation and the format of the annual report by means of circulars and guidelines.

Section 127(2) of the MFMA requires that the Mayor of the Municipality must within seven months after the end of the financial year; table the annual report in the municipal council.

MFMA Circular No 32 recommends the establishment of an oversight committee for the detailed analysis and review of the annual report, following the tabling of such annual report. This must be done by receiving and reviewing representation made by the public, inputs from other councilors and/ or other council committees

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(portfolio committees) and then drafting an oversight report that may be taken to full council for discussion and ultimate decision.

Section 129 of the MFMA prescribes that the Council must adopt an oversight report containing the Council's comments on the annual report which must include a statement whether the Council :

- (a) Has approved the Annual Report with, or without reservations; or
- (b) Has rejected the Annual Report; or
- (c) Has referred the Annual Report back for revision of those components that can be revised.

2.2. Process followed to process the Annual Report

The 2009/10 Annual Report (including the Annual Financial Statements, and Auditor General's report) was tabled to Municipal Council on 27 January 2011. The Municipal Council Resolution is attached as **Annexure A**.

The Annual Report was also submitted to the Audit Committee of the Municipality and the comments of the Audit Committee were incorporated in the latest version of the annual report.

The draft Annual Report was published for public comment from 4 February 2011 to 25 February 2011, and there were no objections or representation made by the members of the public. Notice inviting members of the public to comment or make representation are attached as **Annexure B**

The Oversight Committee met with management on 16 March 2011 and made further comments on the annual report and also advised management on the further process regarding the annual report. Minutes of the Oversight committee are attached as **Annexure C**.

Based on the recommendation of the oversight committee the annual report was circulated to organized structures within the municipality to make additional inputs as well as a meeting of the oversight committee with members of council and organized structures on 22 March 2011. Due to low turnout /attendance by organized structures the meeting with organized structures/representatives of the community was rescheduled to 28 March 2011, while the meeting with members of council proceeded on the scheduled 22 March 2011. The notice for the meeting as well minutes of the meeting is attached as **Annexure D**.

A meeting of the committee with organized structures representing the community was held on 28 March 2011. Minutes of the meeting are attached as **Annexure E**.

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2.3. Content and format of the Report

The format and content of the Annual Report is guided by MFMA, MSA, Circular No 11 and Circular No. 32. After considering the annual report against the said legislative guidelines, the oversight committee is satisfied that the report has generally complied with the legislation.

2.4.Reservations/point of concern

While the oversight committee is generally satisfied with the process and the content of the annual report, it would however like to point out the following points of concern:

- (a) Given the number of issues raised by the auditor general, the committee is concerned about the effectiveness of management's systems of internal control as well the effectiveness of the monitoring and oversight role of council subcommittees.

Both Management and council need to strengthen systems of internal control and monitoring and oversight role of council subcommittees respectively.

- (b). The disclosure in respect of In Kind Benefits to the mayor on page 91 as per note 23 of the Annual Financial Statements is not adequately explained in terms of compliance with the necessary legislation and guidelines such as the upper limits for remunerations of councillors.

3. RECOMMENDATIONS

That council:

1. Approves the annual report with reservations as indicated on paragraph 2.4 of the Oversight Report.



CHAIRPERSON OF OVERSIGHT COMMITTEE



BELA-BELALOCAL MUNICIPALITY

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OFFICE OF THE MUNICIPAL MANAGER

NOTICE

Notice is hereby further given in terms of section 127 of the Municipal Finance Management Act, 2003 read with section 46 of the Municipal System Act, 2000, that the Municipal Manager hereby makes public the Draft 2009/10 Annual Report for the Bela Bela Municipality.

The Local community, interested and affected parties are hereby invited to submit comments or representation to the municipality within a period of 21 days from the date of this notice.

The copies of the Draft Annual Report are available and open for public inspection on weekdays during normal office hours at the Municipal Offices (Records Office), Chris Hani Drive, Bela Bela, for period of 21 days from the date of this notice. The report is also available on the Municipal Website, i.e. www.belabela.gov.za

Comments or Representation may be submitted in writing to the Municipal Manager, Private x 1609, Bela Bela, 0480.

Enquiries can be directed to: Mr Ramogale MW or Mr Mashishi ML at 014 736 8000

NS BAMBO

MUNICIPAL MANGER

Notice No: 17/11

MUNICIPAL COUNCIL DATED 27 JANUARY 2011**9.1.5 REPORTS: 2009/2010 ANNUAL REPORT: BELA-BELA MUNICIPALITY (10/1/8)**

(Item 4.2.2 dated 25.01.2011 page, 5)

MC05/2011 RESOLVED**THAT**

1. the 2009/2010 Annual Report in terms of Section 127(2) of the Municipal Finance Management Act 2003 (Act 56 of 2003); be noted
2. the members of the Oversight Committee that dealt with the previous Annual Report to deal with the 2009/2010 Annual Report as indicated by Section 129(1) of the Municipal Financial Management Act 2003 (Act 56 of 2003); and
3. the Municipal Manager be mandated to deal with the administrative process in the above regard in terms of the Municipal Finance Management Act 2003 (Act 56 of 2003).

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BELA-BELA LOCAL MUNICIPALITY

Private Bag X1609 BELA-BELA 0480

MINUTES

Minutes of the Oversight Committee Meeting held on Wednesday, 16 March 2011, at Bela-Bela Local Municipality, Main Building at 10:00 14:00.

1. OPENING AND WELCOME

The Chairperson (Mrs. Moloka) welcomed everybody present, and declared the meeting opened.

2. APPLICATION FOR LEAVE OF ABSENCE

Apologies were received on behalf of the following:-

- Mr. Nthlapo - Chip whip

It was noted that the Provincial Treasury were absent without an apology.

3. PURPOSE OF THE MEETING

The Municipal Manager highlighted the purpose of the meeting.

4. REPORT FOR DISCUSSION BY THE OVERSIGHT COMMITTEE

MM tabled the report to Members of the oversight Committee and the followings were reported:-

- Fall out of ticket as far as road and storm water
- That there is a need for a budget on roads and storm water
- It was reported that the municipality a total of 750 new houses was targeted and only 418 were electrified due to limited funds.
- Municipality did well on housing.
- Municipality has been able to complete 650 VIP toilets at Rapotokwane.
- More backlog are on sanitation are on informal settlement.
- Municipality was able to met target on water.
- Municipality was able to provide Refuse removal on all formalized settlement.
- We have been able to market municipality international using LED booklet.
- Most of the activities were done with the LIBSA and Private Company
- Municipality has been able to support small business though the SMMES.
- Municipality has been able to interact with small business originations.

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- Organizational Structure has been set in such a way that it address to challenges faced by Small Business organization.
 - Municipality is also responding positively to business sector
 - Municipality has a partnership with forever resort and Spar whereby the two projects were done being Bela-Bela Taxi Rank and Spar Pave Parking
 - Municipality is doing well on the community participation which include relationship with ward councilors, Community and representatives from different forum
 - Municipality has aligned organizational structure with the needs of the municipality
 - That there is a need to adjust the organizational structure so as to be able to address the issues raised by AG
 - We did do well as far as financial management is concern, MM reported that municipality found disclaimer 2006,2007 qualified 2007/8 and 2008/9 and receive a unqualified opinion on 2009/10 from the office of the Auditor General
 - Looking forward to obtain a clean audit report.

5. INPUTS BY CHAIRPERSON OF THE AUDIT COMMITTEE

- Objectives must be comply with the Smart criteria
- Municipality should improve on quantification (figures).

On Page 3

- Management should provide a summary of legislations framework
- The report should indicate how the municipality addresses risk on debt collection.
- The report should indicate outstanding monies (arrears) owed to the municipality by staff and Councilors

On Page 4

- There should be a chapter for Conclusion.

On Page 5

- Millennium development Goals be deleted

On Page 8

- Audit committee be mentioned as committee of the Council

On Page 9

- Last paragraph under Executive Summary be re-visited

On Page11

Pictures of the following Councilors be reflected in the report:-

- Cllr L Nhlapo
- Cllr JW Fourie
- Cllr JFMP Van Der Merwe

On Page12

Household and total beneficiaries

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On Page 17 under local Economic Development and Planning

- Management should Mentioned job opportunities that were created within the municipality
- Management should also mention their partnership with Spar and Forever Resort and indicates projects that were implemented.

On Page 17 under Good Governance and Public Participation

- Management should indicate number of policies approved by Municipal Council

On Page 22 under disclosure concerning and senior officials

- It was noted that Salaries for managers as indicated in the report might not correct, it was therefore recommended figures be re-visited.

On Page 24 under statement of financial position

- It was recommended that the 98% of the amount that was collected from the current account be mentioned also in Rand (how much is 98%).

On Page 29 under accounting officer's responsibilities and approval

- It was indicated that External Auditors cannot review AFS of the municipality; it was therefore recommended that the statement be removed.

On Page 37 property, plant and equipment

- Computer written- off after 3 and not 5 years

On Page 67.67.68, 88, 89,

- It was noted that there is a printing errors therefore the Pages be replaced.

On Page 91

- Silent on top management

On Page 95 under notes to the AFS

- Management should provide reason for authorized expenditure

On Page 112 Action plan

- It was recommended that the action plan be discussed in the Audit Committee Meeting

6. CLOSURE

Meeting to be arranged where Councilors, Organized Business Sectors, schools and churches should be invited.

Proposed date :- 22nd March 2011 time to be determined.

Annual report be submitted to AG before it can be published

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The Chairperson thanked everybody present and officially closed the meeting

**BELA-BELA LOCAL MUNICIPALITY**

Private Bag X1609 BELA-BELA 0480

MINUTES

Minutes of the oversight committee meeting held on Wednesday 22 March 2011, at Bela-Bela Local Municipality, Municipal Council Chamber at 15:00.

1. OPENING AND WELCOME

The Chairperson (Mrs. F. Moloka) welcomed everybody present, and declared the meeting open.

2. APPLICATION FOR LEAVE OF ABSENCE**2.1. Attendance register**

Attendance register were circulated and is attached hereto as Annexure "A"

2.2 Apologies

Apology was received on behalf the following:

Councilor Seleka

Councilor Boikhutso and

Councilor Radebe.

3. ADOPTION OF THE AGENDA

The agenda was adopted with the changes that the inputs be from members of council and to exclude the community representatives

4. PURPOSE OF THE MEETING

Before the Municipal Manager can outline the purpose of the meeting, The chief whip (representing the oversight committee) indicated that given the low level of attendance by community representatives and the short notice during which they were invited, the session will only be applicable to members of council and community representatives present may leave and a new date will be arranged in which they will be able to make their own inputs..

The Municipal Manager highlighted that the purpose of the meeting is to get inputs and comments from members of council to assist in the compilation of the oversight report by the oversight committee.

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5. INPUTS /COMMENTS FROM MEMBERS OF COUNCIL

Councilor Fourie indicated that he has inputs and comments to make but will not make them during this meeting but will prefer to make those inputs during the meeting with members of the public or community representatives.

There were no further comments from other councilors present.

6. REPORTS FOR DISCUSSION BY THE OVERSIGHT COMMITTEE.

It was agreed that a Meeting with representatives of the Community be held on Monday 28 March 2011 at 14:00.

Members of the council will still be invited to the scheduled meeting.

7. CLOSURE

The Chairperson thanked everybody present and officially closed the meeting.

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**BELA-BELA LOCAL MUNICIPALITY**

Private Bag X1609 BELA-BELA 0480

MINUTES

Minutes of the oversight committee meeting held on Monday 28 March 201, at Bela-Bela Local Municipality, Council Chamber at 14:00.

1. OPENING AND WELCOME

The Chairperson (Mrs. F Maloka) welcomed everybody present, and declared the meeting open.

2. APPLICATION FOR LEAVE OF ABSENCE**2.1. Attendance register**

Attendance register was circulated and is attached hereto as Annexure "A"

2.2 Apologies

Apology was received on behalf the following:
Councilor Ledwaba/Mayor; and
Councilor Makgoba.

3. ADOPTION OF THE AGENDA

The agenda was adopted with no changes

4. PURPOSE OF THE MEETING

Mr. ML Nhlapo (Chief Whip) highlighted that the purpose of the meeting is to get inputs or comments on 2009/10 Draft Annual Report from community representatives before the Oversight Committee can submit a report to council on the annual report.

5. INPUTS /COMMENTS FROM COMMUNITY REPRESENTATIVES

The approach adopted was that the Municipal Manager presents a summary on the Annual Report and that inputs from communities will be addressed in terms of Service Delivery and the financial components of the report

5.1. Service Delivery Inputs/Comments**5.1.1. Local Disability Council Representative**

People with disability are being sidelined and excluded in various activities and services of the municipality including, housing, transport, and jobs among others.

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Management Response

People with disabilities are involved in various meetings and forums of the municipality such as the IDP Representative forum meetings. In terms of the municipal Equity Plan, and Supply Chain Policy people with disability are one of the designated groups being given priority. However the Municipality will ensure that it improves its working relations with disability groups, so that it is able to serve them better.

5.1.2. SANCO Representative

On page 22, the disclosure in terms of remuneration of councilors is only for the Mayor and the Executive Committee, why are the remunerations of other councilors disclosed individually.

Management Response

The municipality follows a prescribed format, the mayor's remuneration is disclosed separately while the other councilors' remuneration have been disclosed collectively, because their remuneration packages (mayor, executive committee and other councilors) are structured differently.

5.1.3. COSATU Representative:

Why is the Municipal Manager having housing allowance when ordinary workers do not have housing allowance.

Management Response

The Municipal Manager and Managers reporting directly (section 56 Managers) under him have fixed term contract and their remuneration packages are structured differently from the other officials or full time staff.

5.1.4. Ward Committee member: Mr Mahlake

There are some discrepancies in the billing system of the municipality, mainly due to figures not corresponding.

Management Response

Management agrees that that were some isolated cases on billing challenges during the last financial year but that has been rectified. However consumers are also encouraged to the payment period of the municipality so as to avoid these types of challenges.

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5.1.5. Tourism Association and Business Chamber Representative:

The tourism association expressed an appreciation for the assistance the municipality provided in the tourism booklets, but would like to request that the municipality continue to assist in these types of initiatives in future.

Management Response

The municipality has limited budget, and has limited role in terms of its support to business, but where it is possible to support and resources are available the municipality will continue to support.

5.1.6. Councilor Fourie

On page 17 there is mention of public participation meetings or events, how many of those were for ward 2.

Management Response;

Management does not have specifics at hand however mainly the types of meetings are those that are municipal wide, such as the IDP Representative forum meetings which include all wards, and also those that are targeting specific groups across the municipality and those that are organized by other spheres of government and the municipality assist in facilitating the participation of local stakeholders.

5.1.7. Farmers Union:

There is lack of maintenance of roads along the catchment area next to the Bela-Bela Dam this has a potential to contaminate the water in the dam and this will affect the municipality negatively in the near future.

There is also a company that has made an application for prospecting rights in the greater parts of the municipality, including the area next to the Bela-Bela Dam. The Municipality is encouraged not to support such applications next to the dam as this has a negative environmental effect.

Management Response

The Municipality will engage the relevant Provincial Department with regard to maintenance of roads.

However with regard to prospecting rights the municipality will be guided by the prescribed legislation and policy frameworks regulating such applications. Such legislation also allow for affected stakeholders to comment on these types of applications.

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5.1.8. Councilor Radebe

On page 12 there is indication on the number of indigents that have been declined. Management must ensure that they explain the reasons for declining the applications to the affected beneficiaries.

Management Response

Noted.

5.2. Financial Part of the Annual Report.

5.2.1. Councilor Boikhutso

Management has reported that the municipality has received an unqualified audit opinion. There is no indication in the report that the Municipality has received unqualified audit opinion.

Management did not give councilors Management letter, why does management not want to include management letter in the report.

On page 34, there is information on employee related costs. Are we complying with legislation.

Management Response:

It is true that the municipality has received unqualified audit opinion and there is a certificate in this regard. The Auditor General does not expressly indicate an unqualified on the opinion like he does on qualified, disclaimer or adverse.

Other issues raised by councilors will not be responded to as they still have a meeting of council where these issues can be explained.

5.2.2. Councilor Fourie

Councilor Fourie raised a number of issues as reflected in pg 22, 32, 34, 77, 89, 91, 109 and 110, mainly asking for clarity and management response, but also expressing his opinion that the issues raised by the AG are an indication of lack of internal control, non-compliance to legislation and lack of political oversight. There have also been other issues such as misuse of petrol cards which have been reported to management but there appears to be no progress in attending to the matter.

Management Response

It was agreed that issues raised by councilors will not be responded to as they still have a meeting of council where these issues can be explained.

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5.2.3. Councilor Radebe

Councilor Radebe asked why the management letter is not included in the annual report and expressed her concern regarding non-compliance with legislation as raised by the AG.

Management Response

It was agreed that issues raised by councilors will not be responded to as they still have a meeting of council where these issues can be explained.

5.2.4. Ward Committee member: Mr Mohlake

On page 21 there appears to be some discrepancies on the number of posts, filled and vacant positions in Technical Services Department.

Management Response

Management will verify the cause of the discrepancies and correct where possible.

5.3. Response by the Chairperson of the Audit Committee (also serving on the Oversight Committee on an advisory capacity) on some of the issues raised by members of Council.

Audit Opinion

In deed the municipality has received an unqualified audit opinion, but it is not a clean audit, hence there are other issues that the AG has raised which need to be corrected and attended to by Management. However Management is already addressing all the issues as per the attached action plan. The audit committee has already met with Management and has advised on how the outstanding issues need to be addressed.

Management Letter

Members of council can be allowed to see the management letter but that should be at the right portfolio committee/Subcommittee meeting and not in the Annual Report. No Annual Report contains Management letter, but may include an action plan indicating corrective actions to deal with issues raised by the Auditor General.

Overall Comment

There is significant improvement in the way the municipality has performed taking into account the previous performance, but can do better in order to achieve a clean audit.

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6. REPORT BY THE OVERSIGHT COMMITTEE.

The Chief Whip expressed his concern regarding feedback from members of the public but thanked those that attended and made comments and inputs, and undertook that those inputs will be taken into account by the municipality in order to improve its performance in the future.

All other issues raised by members of the public as well as councilors which need to be followed up will be followed up and council will give feedback in the appropriate forums.

He finally commended council, management, and the oversight committee for the job well done.

7. CLOSURE

The Chairperson thanked everybody present and officially closed the meeting.